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DRAFT ^{25X11A} [] (3 December 1954)

STAFF STUDY

I. PROBLEM

✓ To determine what action by the Budget Division is required to carry out the apparent requirements of Administrative Plans regarding review of project budgets and control of project activities within these limitations.

II. FACTS BEARING ON THE PROBLEM

- ✓ 1. There is considerable variance in the phraseology of statements contained in Administrative Plans with regard to the submission of project budgets and financial statements. (Tab A).
- ✓ 2. These variances are caused to a considerable extent by the fact that the Administrative Plans are negotiated documents and are not prepared as a result of an established procedure or predetermined requirements.
- ✓ 3. The Budget Branch does not maintain a file of project outlines and does not have the necessary continuing accessibility to them.
- ✓ 4. The Budget Branch has copies of Administrative Plans on file only since 26 August 1954. (Tab B)
- ✓ 5. The Budget Branch has received only four (4) project budgets beginning about 1 October 1954. (Tab B)

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- ✓ 6. Since obligations are not recorded by object class it would be virtually impossible to effect line item control of project budgets on a timely basis.
- ✓ 7. Administrative Plans calling for financial statements provide for their submittal to the Finance Division. (Tab B).
- ✓ 8. That 71.0% of the projects requiring Administrative Plans are under \$100,000 each and represent 7.1% of the dollar value of all projects requiring Plans. (Tab C)

III. DISCUSSION

1. Following careful study of the Administrative Plans in our possession, we are left with many uncertainties as follows:

- 7 a. It is not known how the review and policing functions now carried on by DB/P-Admin., ^{25X1} PAPS, TAS, PAS and Finance

Division relate to each other, or to what may be intended as the function of the Budget Division in this regard.

- ✓ b. It is not known whether it is intended for the Budget Division to attempt to control projects by budgetary line item.

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- ✓ c. It is not clear whether it is intended that all project budgets should be treated in a manner similar to those covering

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[REDACTED]

These require availability of financial

statements to the Budget Division.

✓ d. We find nowhere any indication that any general format for project budget preparation has been established or to what degree or in what detail it is desired that the project budget be formulated.

✓ e. All project outlines contain a financial data sheet, Form 59-25, which breaks down the total project cost into four (4) categories:

- a. Personnel Requirements
- b. Supplies, Material and Equipment
- c. Other Operational Expenses

[REDACTED]

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It is not clear whether this form is or is not acceptable for the presentation of project budgets as ^{generally} called for in the Administrative Plans.

✓ f. It is not clear what types of financial statements are intended.

g. There appears to be no relation between the time of project budget submission and the time of project approval. That is, should project approval require prior review of project budgets or may they be permitted to follow at a later date and if so, how much later.

h. It is not clear just how the requirement for project budgeting relates to the other budgeting activities required of the operating

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offices (Agency Estimates and Operating Budgets).

1. Since so many Plans have uniform project budget requirements, it is not understood whether all should have a standard requirement and if so, why this should not be made a matter of regulation. It is believed that the reason for Administrative Plans is to cover certain non-standard activities not compatible with existing regulations.

IV. CONCLUSIONS

1. That an apparent workload has been added to the Budget Branch by stipulations in Administrative Plans calling for submittal and review of project budgets and financial statements on 25X11C projects as they relate to project outlines.
2. That the review and policing activities called for in many Administrative Plans have not yet been planned and organized clearly so that specific responsibilities may be assigned and working procedures developed.
3. That certain standard patterns concerning submittal of project budgets and financial statements are emerging in Administrative Plans and that certain of these requirements should instead become regulations.
4. That the Budget Branch is not presently staffed adequately to carry

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out this apparent additional requirement and that additional positions would be needed to do so. (Tab D)

V. RECOMMENDATIONS

1. That immediate steps be taken to determine the scope and extent of the apparent requirements on the Budget Division as developed by the statements appearing in Administrative Plans concerning the submission and review of project budgets and financial statements as they relate to project outlines.
2. That the necessary statements of policy and procedure be promulgated and that appropriate assignments of responsibility be made covering the various activities involved.
3. That necessary changes in regulations be issued.
4. That once the responsibility of the Budget Division in this matter has been determined steps be taken to provide staff augmentation as needed to carry out the additional assigned duties.

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